

Commissioner's Decision No. 1511

Décision du commissaire n° 1511

TOPICS: J00 Meaning of Art  
J10 Computer Programs

SUJETS: J00 Signification de la technique  
J10 Programmes d'ordinateur

Application No. 2,529,156

Demande n° 2 529 156



IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,529,156, having been rejected under subsection 30(3) of the *Patent Rules* (SOR/96-423) as they read immediately before October 30, 2019 [the *former Patent Rules*], has consequently been reviewed in accordance with paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251). The recommendation of the Patent Appeal Board and the decision of the Commissioner are to refuse the application.

Agent for the Applicant

**MARKS AND CLERK**

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## **INTRODUCTION**

- [1] This recommendation concerns the review of rejected Canadian patent application number 2,529,156, which is entitled “Unified Player Rewards,” owned by Caesars Entertainment Operating Company, Inc. The applicant is Harrah’s Operating Company Inc. (the Applicant). A review of the rejected application has been conducted by the Patent Appeal Board (the Board) pursuant to paragraph 199(3)(c) of the *Patent Rules*.
- [2] As explained in more detail below, our recommendation is that the Commissioner of Patents should refuse to issue a patent for this application.

## **BACKGROUND**

### **The Application**

- [3] The application was filed in Canada on June 14, 2004 and was laid open to the public on December 29, 2004.
- [4] The application relates generally to providing unified reward credits for casino games.

### **Prosecution History**

- [5] On October 20, 2016, a Final Action (FA) was issued pursuant to subsection 30(4) of the *former Patent Rules*. The FA stated that the instant application was defective because all of the claims on file were directed to subject matter outside of the definition of invention and therefore were not compliant with section 2 of the *Patent Act*.
- [6] In a response to the FA (RFA) received on July 4, 2017, the Applicant submitted arguments as to why the application was allowable.
- [7] The Examiner considered the application not to comply with the *Patent Act* despite the arguments submitted with the RFA. Therefore, pursuant to paragraph 30(6)(c) of the *former Patent Rules*, the application was forwarded to the Board for review along with an

explanation outlined in a Summary of Reasons (SOR). The SOR set out the position that the claims on file were still considered to be defective.

- [8] In a letter dated November 26, 2017, the Board forwarded a copy of the SOR to the Applicant.
- [9] The present panel (the Panel) was formed to review the application under paragraph 30(6)(c) of the *former Patent Rules*. The Panel sent a Preliminary Review letter (the PR letter) to the Applicant on September 25, 2019 wherein we set out our preliminary analysis and rationale as to why, based on the record before us, the subject matter defect identified in the FA was present.
- [10] The Applicant declined the opportunity for a hearing and indicated that it did not plan to make further submissions.

## ISSUE

- [11] The sole issue to be addressed by the present review is whether the claims on file are directed to subject matter outside the definition of invention as found at section 2 of the *Patent Act*.

## LEGAL PRINCIPLES AND OFFICE PRACTICE

### **Purposive construction**

- [12] In accordance with *Free World Trust v Électro Santé Inc*, 2000 SCC 66, essential elements are identified through a purposive construction of the claims done by considering the whole of the disclosure, including the specification and drawings (see also *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at paras 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice* (CIPO) at §12.02, revised June 2015 [*MOPOP*], the first step of purposive claim construction is to identify the person of ordinary skill in the art (the POSITA) and their relevant common general knowledge (CGK). The next step is to identify the problem addressed by the inventors and the

solution put forth in the application. Essential elements can then be identified as those required to achieve the disclosed solution as claimed.

### **Statutory subject matter**

[13] The definition of invention is set out in section 2 of the *Patent Act*:

“Invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

[14] “*Examination Practice Respecting Computer-Implemented Inventions*,” PN 2013–03 (CIPO, March 2013) [PN 2013–03] clarifies the Patent Office’s approach to determining if a computer-related invention is statutory subject matter.

[15] As indicated in PN 2013–03, where a computer is found to be an essential element of a construed claim, the claimed subject matter will generally be statutory. Where, on the other hand, it is determined that the essential elements of a construed claim are limited to matter excluded from the definition of invention (e.g., the fine arts, mere ideas, schemes or rules), the claimed subject matter will not comply with section 2 of the *Patent Act*.

### **ANALYSIS**

[16] In our analysis, we construe the claims first, according to a purposive construction, and identify the essential elements. We then consider the question of statutory subject matter.

### **Claim Construction**

*The POSITA and the relevant CGK*

[17] In the FA, the POSITA was defined as follows:

The skilled person, who may be a team of people, is skilled in the field of casino gaming management, player tracking and reward

awarding/redemption and the computing devices and hardware which carry out these fields.

[18] As we stated in the PR letter, in our view, the POSITA is also skilled in the field of developing software for computing devices and hardware.

[19] In establishing the CGK, the FA cited the following references:

D1:	US2003/0069071	Britt et al	April 10, 2003
D2:	US5761647	Boushy	June 2, 1998

[20] As we stated in the PR letter, the CGK of the POSITA would include:

- tracking player behavior over multiple casino properties using tracking cards to identify players [D1, para 0002; D2, column 1, lines 6-31; instant invention background, para 0001];
- providing rewards to players based on betting behavior [D2, column 1, lines 13-18; instant invention background, para 0001]; and
- transmitting betting activity information to a computer system for storage and processing [instant invention background, para 0001].

[21] The Applicant did not disagree with these characterizations of the POSITA and CGK, and we adopt them in our analysis

### *Problem and solution*

[22] As we stated in the PR letter, the POSITA, reading the specification would see the invention as directed to solving the problem of how to reward players based on their value to the casino, in addition to rewarding players based on the amount bet [see especially instant description, paras 0002-0004].

[23] As we stated in the PR letter, the POSITA would see the solution offered by the invention as a multi-schedule reward system whereby certain reward are accumulated



according to the amount bet and other rewards are accumulated based on the player's value to the casino.

[24] The Applicant did not dispute this characterization.

*Essential elements*

[25] We consider independent claim 1 to be representative.

[26] Claim 1 reads:

A method of awarding credits by a business to a player in response to the player's gaming activity, wherein the credits can be redeemed for goods and services, the method comprising:

responsive to detecting the player inserting a tracking card into a card reader coupled to a gaming machine, initiating a gaming session;

tracking the player's betting activity at the gaming machine during the gaming session, the betting activity including an amount of each wager made by the player;

responsive to detecting the player removing the tracking card from the card reader, ending the gaming session, and transmitting by the gaming machine to a computer system the betting activity, including the amount of each wager made by the player during the gaming session, and a hold percentage of the gaming machine;

receiving from the gaming machine the betting activity at the computer system; storing the betting activity in an account of the player;

awarding, by the computer system, base credits to the player by applying a base credit rate to the amount of the player's wagers during the gaming session, and depositing the awarded base credits in the account of the player;

determining by the computer system the player's theoretical win based upon the hold percentage of the gaming machine and the betting activity for the gaming session and one or more prior gaming sessions during a gaming period;

awarding, by the computer system, bonus credits to the player by applying a bonus credit rate to the player's theoretical win for one or more gaming sessions during a gaming period and depositing the awarded bonus credits in the account of the player;

providing to the player a promotional offer including a number of promotional bonus reward credits and identifying a property at which the promotional bonus reward credits can be received; and

responsive to detecting the player inserting a tracking card for the first time into a card reader coupled to a gaming machine at the identified property, initiating a gaming session and automatically depositing, by the computer system, the number of promotional bonus reward credits into the account of the player.

[27] As we stated in the PR letter, in our view, the essential elements of claim 1 which are required to implement the solution identified above are:

- determining and awarding base credits to a player by applying a base credit rate to the amount of the player's wagers during a gaming session;
- determining the player's theoretical win based upon the hold percentage of a gaming machine and the betting activity for the gaming session and one or more prior gaming sessions during a gaming period;
- awarding bonus credits to the player by applying a bonus credit rate to the player's theoretical win for one or more gaming sessions during the gaming period;
- providing to the player a promotional offer including a number of promotional bonus reward credits and identifying a property at which the promotional bonus reward credits can be received; and
- responsive to the player initiating a gaming session at the identified property, awarding the number of promotional bonus reward credits to the player.

[28] As we stated in the PR letter, in our view the POSITA would not consider the gaming machine, tracking card and computer system for tracking and rewarding the credits as essential elements of the solution. The CGK indicates that these devices were well-known and there was no particular problem in their use for these purposes. While an element being CGK does not, in and of itself, rule out the element being essential to an inventive solution, the CGK informs the problem and solution. In this case, the CGK indicates that the problem did not lie in how to track the player's behavior or compute and store the credits. Although computerized elements are recited, they are part of the

typical environment or context in which the invention operates, but are not essential to the solution to the identified problem. The solution consists of providing and storing various data regarding the player's activity and history, evaluating the data, and calculating various reward credits.

- [29] In the RFA, the Applicant contended that it was the inventor's intent that the computer system be essential. We note that a presumption of essentiality in claim language may be challenged by, for example, relevant knowledge concerning the substitutability of the elements (see *Free World Trust* at paras 31 and 51 to 57). Without the foundation of such relevant knowledge, a purposive construction may not be well informed (see *Amazon.com* at paras 73-74). In our view, the POSITA would not consider the computer system essential to the solution of providing and evaluating certain information to determine rewards.
- [30] Independent claim 28 is similar to claim 1 but adds the element of the base credit being known to the player and the bonus credit not being known to the player.
- [31] Independent claim 29 is similar to claim 1 but adds the element of the bonus credit rate being property-specific and varying depending on the player's theoretical win. This is a variation on the algorithm for determining credits.
- [32] Independent claim 30 is similar to claim 1 but adds the element that the method applies at any of a plurality of properties, different properties having different bonus credit rates. This is a variation on the algorithm for determining credits.
- [33] Independent claim 31 is similar to claim 30 but adds the element that the bonus credits depend also on one of a property-specific reinvestment. This is a variation on the algorithm for determining credits.
- [34] Independent claim 32 is similar to claim 31 but omits the multiple-property element.

- [35] Independent claim 33 is directed to a system that implements the method set forth in claim 1, and shares the same essential elements.
- [36] Dependent claims 2-8, 12-13, 20-21 and 27 add details concerning the algorithm to determine bonus credits based on further details of player behavior and casino properties.
- [37] Dependent claim 9 adds the element of allowing a casino employee to manually award base reward credits.
- [38] Dependent claim 10 combines the features of claims 8 and 9.
- [39] Dependent claim 11 specifies that the casino game is a table game.
- [40] Dependent claims 14-16 add the element of various types of credits expiring based on time.
- [41] Dependent claim 17 adds the element that credits may be redeemed at any property associated with the casino.
- [42] Dependent claim 18 redundantly states some features of claim 1.
- [43] Dependent claim 19 adds the element of reducing reward credits to zero if a player is restricted from gaming.
- [44] Dependent claims 22 and 24-26 add the element of displaying to the player in real time various information concerning the player's credits.
- [45] Dependent claim 23 adds the element of posting credits to a player's account upon terminating a gaming session.

**Statutory Subject Matter**

[46] As construed above, the essential elements of claims 1 correspond to a set of manipulations of data, along with a presentation of information of merely intellectual significance. The tracking card, gaming device and computer system are not among the essential elements. Using the language of *Amazon.com* at para 66, the essential elements are neither “something with physical existence” nor “something that manifests a discernible effect or change.” Such matter is outside the categories of invention in section 2 of the *Patent Act*.

[47] Regarding dependent claims 2-33, the additional elements recited constitute further detail of the rules for rewarding and presenting credits. None of these additional elements constitute statutory subject-matter.

[48] Therefore, in our view all of claims 1-33 on file do not define statutory subject-matter and thus do not comply with section 2 of the *Patent Act*.

#### **RECOMMENDATION OF THE BOARD**

[49] For the reasons set out above, we recommend that the Commissioner of Patents refuse this application as the claims on file are directed to non-statutory subject matter and are therefore non-compliant with section 2 of the *Patent Act*.

Howard Sandler  
Member

Paul Fitzner  
Member

Andrew Pothier  
Member

**DECISION**

[50] I concur with the conclusions and recommendation of the Board that the application be refused on the grounds that the claims on file are directed to non-statutory subject matter and are therefore non-compliant with section 2 of the *Patent Act*.

[51] Therefore, in accordance with section 40 of the *Patent Act*, I refuse to grant a patent on this application. Under section 41 of the *Patent Act*, the Applicant has six months within which to appeal my decision to the Federal Court of Canada.

Johanne Bélisle  
Commissioner of Patents

Dated at Gatineau, Quebec,  
this 2<sup>nd</sup> day of January, 2020